

### BACKGROUND

Port Arthur Naval Base area comprises some 250 sq. mi. at tip of Liaotung Peninsula. In addition to port facilities for light naval forces at Port Arthur itself, there are 14 airfields in the area, 8 of them suitable for jets. Radar and communications facilities will probably be left intact for Chinese.

Only important city is Dairen (population - 1950 - 300,000) at southeast tip of peninsula.

Dairen is southern terminus of former Changchun railway. Has extensive machinery industry, large refinery, chemical plant and China's largest shipyard.

Developed by Japanese, Dairen is well-planned modern city with port facilities second in China only to Shanghai's.

Dairen occupied by Russians in 1945. Since 1950, area and port increasingly administered by Chinese.